

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-06 ARA-10 EUR-12 EA-10 ISO-00 AEC-07 AID-05

CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01 FEA-01

PA-02 PRS-01 USIA-15 /135 R

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY ROME

AMEMBASSY ATHENS

AMEMBASSY PANAMA

AMEMBASSY TOKYO

AMEMBASSY MONROVIA

AMEMBASSY OTTAWA

AMEMBASSY MADRID

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E.O. 11652: N/A

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TAGS: EWWT, XG

SUBJECT: PRESIDENT FORD VETOES ENERGY TRANSPORTATION
SECURITY ACT, 1974, (OIL CARGO PREFERENCE BILL - H.R. 8193)

REF: STATE 275744

ON DECEMBER 30, 1974 PRESIDENT FORD POCKET VETOED
H.R. 8193. COMPLETE TEXT OF MEMORANDUM OF DISAPPROVAL
SIGNED BY PRESIDENT FORD, DATED DEC. 30, AND RELEASED
IN VAIL, COLORADO, FOLLOWS:

QUOTE I AM WITHHOLDING MY APPROVAL FROM H.R. 8193, THE
ENERGY TRANSPORTATION SECURITY ACT OF 1974.

THE BILL WOULD INITIALLY REQUIRE THAT 20 PERCENT OF
THE OIL IMPORTED INTO THE UNITED STATES BE CARRIED ON
U.S. FLAG TANKERS. THE PERCENTAGE WOULD INCREASE TO
30 PERCENT AFTER JUNE 30, 1977.

THIS BILL WOULD HAVE THE MOST SERIOUS CONSEQUENCES. IT
WOULD HAVE AN ADVERSE IMPACT ON THE UNITED STATES
ECONOMY AND ON OUR FOREIGN RELATIONS. IT WOULD CREATE
SERIOUS INFLATIONARY PRESSURES BY INCREASING THE COST
OF OIL AND RAISING THE PRICES OF ALL PRODUCTS AND SERVICES
WHICH DEPEND ON OIL. IT WOULD FURTHER STIMULATE INFLATION
IN THE SHIP CONSTRUCTION INDUSTRY AND CUT INTO THE
INDUSTRY'S ABILITY TO MEET SHIP CONSTRUCTION FOR THE
U.S. NAVY.

IN ADDITION, THE BILL WOULD SERVE AS A PRECEDENT FOR
OTHER COUNTRIES TO INCREASE PROTECTION OF THEIR
INDUSTRIES, RESULTING IN A SERIOUS DETERIORATION IN
BENEFICIAL INTERNATIONAL COMPETITION AND TRADE. THIS
IS DIRECTLY CONTRARY TO THE OBJECTIVES OF THE TRADE
BILL WHICH THE CONGRESS HAS JUST PASSED. IN ADDITION,
IT WOULD VIOLATE A LARGE NUMBER OF OUR TREATIES OF
FRIENDSHIP, COMMERCE, AND NAVIGATION.

ALTHOUGH THIS BILL WOULD UNDOUBTEDLY BENEFIT A
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LIMITED GROUP OF OUR WORKING POPULATION, SUCH BENEFIT
WOULD ENTAIL DISPROPORTIONATE COSTS AND PRODUCE
UNDESIRABLE EFFECTS WHICH COULD EXTEND INTO OTHER AREAS
AND INDUSTRIES. THE WAIVER PROVISIONS WHICH THE
CONGRESS INCLUDED IN AN EFFORT TO MEET A FEW OF MY
CONCERNS FAIL TO OVERCOME THE SERIOUS OBJECTIONS I
HAVE TO THE LEGISLATION.

ACCORDINGLY, I AM NOT APPROVING THIS BILL BECAUSE OF
THE SUBSTANTIAL ADVERSE EFFECT ON THE NATION'S ECONOMY
AND INTERNATIONAL INTEREST.

I WISH TO TAKE THIS OPPORTUNITY TO REITERATE MY COMMIT-
MENT TO MAINTAINING A STRONG U.S. MERCHANT MARINE. I
BELIEVE WE CAN AND WILL DO THIS UNDER OUR EXISTING
STATUTES AND PROGRAMS SUCH AS THOSE ADMINISTERED BY THE
MARITIME ADMINISTRATION IN THE DEPARTMENT OF COMMERCE.
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